

RETAINING EXPERTISE IN THE DIRECTORATE OF ANALYSIS

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Abstract

This Capstone memorandum explores the potential for a significant increase in the loss of analytic expertise in the Central Intelligence Agency (CIA). The CIA's Directorate of Analysis (DA) prides itself on developing analysts who can craft products on all pertinent global issues to better inform the President and U.S. policymakers with timely, accurate, and objective analysis. Looking at nearly 40 years of the DA's history, this Capstone investigates the internal and external factors that led to previous increases in attrition rates to find solutions to retain talent today. This Capstone proposes to follow the example of organizations with well-known leadership development cultures and numerous study recommendations to create a mandatory training program for first-line supervisors to enable the Directorate to retain its top talent and maintain its qualitative edge.

Advisor: Professor Paul Weinstein

To the Analysts.

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MEMORANDUM

TO DEPUTY DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY FOR ANALYSIS
FROM DONALD K. GORDON, JR.
SUBJECT RETAINING EXPERTISE IN THE DIRECTORATE OF ANALYSIS
DATE 23 APRIL 2017

Action-Forcing Event

On 3 January 2017, Director of the Central Intelligence Agency (CIA) Michael Pompeo prior to his confirmation wrote to the Senate Select Committee on Intelligence that the CIA's "most important resource to conduct its mission is the Agency's workforce, and it must continue to attract, develop, and retain a workforce that is prepared to take on the challenges we face."¹ The week after this statement, former Deputy Director of the CIA Michael Morell, Ambassador and former State Department Coordinator for Counterterrorism Daniel Benjamin, and Southern Methodist University Associate Professor and Intelligence expert Joshua Rovner separately warned about the imminent recruiting and attrition crisis that is likely to affect the Intelligence Community.²³⁴ Director Pompeo after settling into the role wants to discuss with his senior

¹ Mike Pompeo, "Letter to U.S. Senate Select Committee on Intelligence Chairman Richard Burr and Vice Chairman Mark Warner," January 3, 2017, <https://www.intelligence.senate.gov/sites/default/files/documents/pre-hearing-011217.pdf> and "Letter to U.S. Senate Select Committee on Intelligence Senators Ron Wyden and Martine Heinrich," January 3, 2017, <https://www.intelligence.senate.gov/sites/default/files/documents/pre-hearing-b-011217.pdf>.

² Michael J. Morell, "Trump's Dangerous Anti-C.I.A. Crusade," *The New York Times*, January 6, 2017.

³ Daniel Benjamin, "How Trump's Attacks on U.S. Intelligence Will Come Back to Haunt Him," *POLITICO Magazine*, January 11, 2017.

⁴ Joshua Rovner, "Donald Trump and the Future of Intelligence," *Lawfare Blog*, January 8, 2017, <https://www.lawfareblog.com/donald-trump-and-future-intelligence>.

leadership team the status of each Directorate's talent management, any challenges, and options to overcome them.

Statement of the Problem

The Directorate of Analysis⁵ (DA) requires an expert, motivated workforce to remain a world class analytic organization that is able to evaluate "incomplete and sometimes contradictory information" and produce "timely, accurate, and objective all-source analysis" for the President and senior policymakers.⁶ A significant increase in the rate of attrition will create a more-junior and less expert analytic cadre as valuable talent leaves for the private sector. The Directorate's expertise allows it to compete and stand out to policymakers who receive assessments from "other intelligence agencies, journalists, scholars, lobbyists, and other purveyors of information."⁷ Between 2004 and 2008, the DA lost on average 4.8 percent of its workforce, according to the CIA Office of Inspector General.⁸ In 2009, this rate dropped and the DA lost a historically low 3 percent of its workforce, according to the same report.⁹ Six years later, in 2015, CIA and five similar intelligence agencies¹⁰ saw this rate double to 6.1 percent, according

⁵ I will use the terms "the DA" and "the Directorate" to refer to CIA's analytic component that was previously called the Directorate of Intelligence and the National Foreign Assessments Center.

⁶ CIA, "Intelligence & Analysis," <https://www.cia.gov/offices-of-cia/intelligence-analysis/index.html>.

⁷ CIA Directorate of Intelligence, "A Compendium of Analytic Tradecraft Notes, Volume 1, Note 6: Analytic Expertise," February 1997, http://www.au.af.mil/au/awc/awcgate/cia/tradecraft_notes/contents.htm.

⁸ CIA Office of Inspector General, "(U) Report of Follow-up Inspection – Retention in the Agency," July 2010, 3, <https://archive.org/details/741885-cia-employee-retention-report>.

⁹ Ibid.

¹⁰ The six Agencies are the CIA, the Defense Intelligence Agency, the Federal Bureau of Investigations, the National Geospatial-Intelligence Agency, the National Reconnaissance Office, and the National Security Agency.

to the best available information from the Office of the Director of National Intelligence (ODNI),¹¹ suggesting a similar increase in the attrition rate among analysts.¹²

The DA is poised to face increased external challenges in its battle for talent because of the health of the U.S. economy, pending decreases in federal wages and benefits, and perceived loss of prestige and access. Since the historical low rate of attrition in 2009, the U.S. unemployment rate has dropped from a peak of 10 percent to 4.7 percent, according to the U.S. Bureau of Labor Statistics, with the unemployment rate in December 2016 for the DA's target population—those with college degrees—dropping to 2.5 percent.¹³ Further, the new administration and Congressional allies aim to enact legislation to change civil service protections to allow faster firing of federal employees and reduce federal wage and retirement benefits.¹⁴¹⁵ Before the inauguration, the President suggested that he would not need to be briefed on or read the President's Daily Brief (PDB) every day.¹⁶ In the late 1990s, DA leadership shifted the Directorate to a "First Customer" mentality and emphasized the importance of its flagship product, the PDB. Over time, this changed the analytic culture to crafting products with

¹¹ Office of the Director of National Intelligence (ODNI), "(U) Annual Demographic Report: Hiring and Retention of Minorities, Women, and Persons with Disabilities in the United States Intelligence Community, Fiscal Year 2015," <https://www.dni.gov/files/documents/FY%202015%20Annual%20Report.pdf>, 41.

¹² In 2009, the overall Agency attrition rate was 3.5 percent compared to the DA's 3 percent, according to the CIA IG Report. Therefore, a 6.1 percent attrition rate among the CIA and similar agencies suggests that the DA attrition rate also increased.

¹³ U.S. Bureau of Labor Statistics (BLS), "Table A-4: Employment status of the civilian population 25 years and over by educational attainment," January 6, 2017, <https://www.bls.gov/news.release/empsit.t04.htm>.

¹⁴ Joe Davidson, "Beard: Chaffetz committee plans broad agenda affecting federal workers," *The Washington Post*, January 10, 2017.

¹⁵ *Ibid.*, "New feds could be fired for 'no cause at all' by Trump under planned legislation," *The Washington Post*, January 12, 2017.

¹⁶ "Burn before reading: How America's intelligence agencies are preparing to serve Donald Trump," *The Economist*, January 14, 2017.

the President's needs foremost in mind and in part coupling the Directorate's morale to its perceived access to the President.¹⁷

The system is blinking red. We are entering a period where the above external factors are coupling with a major organizational change within the Agency that mirrors similar circumstances in the early 1980s that preceded a spike in attrition. In the 1980s, DA attrition increased from an average between Fiscal Year (FY) 1979 to 1982 of 5.7 percent to 8.1 percent in FY 1983 to over 10 percent for the first half of FY 1984, according to a memorandum from DA senior leadership to the CIA Executive Director.¹⁸ Two weeks later in April 1984, the Director of the National Security Agency in a letter to the Director of Central Intelligence discussed the attrition problems his agency was experiencing and noted that if their rates rose to 10 percent that it would have "an impact that would seriously impede our ability to do our job."¹⁹ The reasons behind these increasing attrition rates were that federal service became less attractive than the private sector because of the erosion of retirement and other financial benefits²⁰ as the government transitioned away from a defined pension benefit. In 1981, the DA went through a major reorganization from mostly single discipline offices that covered political analysis, economic analysis, strategic research, etc. to multidisciplinary regional offices covering

¹⁷ David Priess, *The President's Book of Secrets* (New York, NY: PublicAffairs, 2016), pp. 206-211.

¹⁸ Richard J. Kerr, Associate Deputy Director for Intelligence, to Executive Director, "Projection of Manpower Needs, Retention, and Availability," May 24, 1984 [retrieved from the CIA Electronic Reading Room, Document Number (FOIA) CIA-RDP89B00423R000200170014-1], 3, <https://www.cia.gov/library/readingroom/docs/CIA-RDP89B00423R000200170014-1.pdf>.

¹⁹ Lieutenant General Lincoln D. Faurer, Director of the National Security Agency, to William J. Casey, Director of Central Intelligence, "Personnel Issues Related to the Erosion of Benefits for the Federal Service," April 9, 1984 [retrieved from the CIA Electronic Reading Room, Document Number (FOIA) CIA-RDP86B00338R000400530019-2], 4, <https://www.cia.gov/library/readingroom/docs/CIA-RDP86B00338R000400530019-2.pdf>.

²⁰ Kerr, 3-4.

the Soviets, Africa and Latin America, East Asia and Pacific, and so forth.²¹ The reorganization caused hundreds of analysts to have to move offices and learn to work with new colleagues.²² Three years later this difficult transition was cited as one of the major reasons for increased rates of analyst attrition.²³ In the past year, the DA also started going through a major reorganization as the Agency modernized into ten mission centers with collocated officers from every directorate,²⁴ again causing hundreds of analysts to move offices and learn to work with new colleagues. By 1986, the attrition forced the Office of Soviet Analysis to promote sooner than wanted senior analysts into management positions and give more responsibility to junior analysts.²⁵ It is unknown what part the attrition played on the CIA's perceived intelligence failure for predicting the collapse of the Soviet Union a few years later.²⁶

History

The Directorate in the 1980s started to experience rising attrition rates similar to the rest of the federal government. A common theme across internal CIA studies, Congressional committees, think tanks, Presidential Commissions, and academic research was a clear decades-long failure

²¹ John N. McMahon, Deputy Director for National Foreign Assessment, "Announcement of Organizational Change: National Foreign Assessment Center," September 21, 1981 [retrieved from the CIA Electronic Reading Room, Document Number (FOIA) CIA-RDP84B00890R000400060058-7], <https://www.cia.gov/library/readingroom/docs/CIA-RDP84B00890R000400060058-7.pdf>.

²² CIA Center for the Study of Intelligence (CSI), *The Directorate of Intelligence: Fifty Years of Informing Policy, 1952 – 2002* (Washington, D.C.: Center for the Study of Intelligence, 2002), 14-15.

²³ Kerr, 4.

²⁴ CIA Director John Brennan, "Message to the Workforce – Our Agency's Blueprint for the Future," March 6, 2015.

²⁵ Douglas J. MacEachin, Director of Soviet Analysis, to Associate Deputy Director for Intelligence, "Long Range Outlook," June 18, 1986 [retrieved from the CIA Electronic Reading Room, Document Number (FOIA) CIA-RDP90G01359R000300030020-2], <https://www.cia.gov/library/readingroom/docs/CIA-RDP90G01359R000300030020-2.pdf>.

²⁶ For a discussion of what CIA assessed correctly about the fall of the Soviet Union, please see: Douglas J. MacEachin, "CIA Assessments of the Soviet Union: The Record Versus the Charges," May 1996, <https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/csi-studies/studies/97unclass/soviet.html>.

to act upon recommended solutions to improve manager—especially first-line supervisor—training and development that would enable the federal government to better counteract external challenges and retain talent. In 1968, the DA chief stressed in a letter to the Director of Central Intelligence the importance of managers in retaining talent: “The supervisor is key to effective career management. He makes the decision to hire an employee, initiates action to move him, and recommends him for training and promotion. We believe that this key role of the supervisor precludes a highly-centralized career management program.”²⁷

The CIA since its founding has enjoyed special authorities separate from the rest of the federal government to allow it to recruit and retain talent. The Central Intelligence Agency Act of 1949 established that all Agency employees except for the Presidentially-appointed Director and Deputy Director are part of the “excepted service” as opposed to the “competitive service.”²⁸ This designation allows the Agency to ignore provisions outlined in U.S. Code Title 5 for competitive civil service positions, such as Veteran’s preference for hiring, faster removal of poor employees, and other unique circumstances for a secretive intelligence agency. In 1973, the CIA reaffirmed to the Congress its need for continued excepted service status because of its mission and unique personnel issues.²⁹ However, the CIA mainly followed Title 5 rules on pay, leave, benefits, and other personnel items while using its authorities sparingly for instance to

²⁷ R. J. Smith, Deputy Director for Intelligence, to Director of Central Intelligence, “Career Management in the Director of Intelligence,” July 31, 1968, [retrieved from the CIA Electronic Reading Room, Document Number (FOIA) CIA-RDP78B05703A000500030004-4], 1, <https://www.cia.gov/library/readingroom/docs/CIA-RDP78B05703A000500030004-4.pdf>.

²⁸ Central Intelligence Agency Act of 1949, Public Law 110, 81st Cong., 1st sess. (June 20, 1949).

²⁹ Committee on Post Office and Civil Service, Statutory Exceptions to the Competitive Service, 93rd Cong., 1st sess., 1973, 77-81.

increase pay for officers serving overseas or create special pay schedules for medical professionals and engineers.³⁰

In the 1980s, the DA experienced an accelerated pace of senior analyst departures³¹ that mirrored expertise lost in the rest of the government in part because of Reagan administration policies that were perceived to be anti-federal worker. Charles Levine of the Congressional Research Service in 1986 highlighted how difficult it was for federal agencies to recruit and retain talent because of the low morale stemming from the perception of being part of organizations that were “failing” and that “more challenging, greater flexibility, and higher rewards [were] available in the private sector.”³² Assessments like Levine’s led to the creation of the National Commission on Public Service in 1987 that was presided over by former Chairman of the Federal Reserve Board of Governors Paul A. Volcker to provide recommendations to the President and the Congress to solve the “quiet crisis” within the federal government. In 1989, what became known as the Volcker Commission³³ released its findings and found that only 13 percent of interviewed senior executives would recommend that young people start their careers in the federal government and over half of overall survey respondents assessed that recruiting quality personnel had become more difficult in the past

³⁰ William J. Casey, “DCI Statement for the Record to the Senate Select Committee on Intelligence on CIA Personnel Management,” July 23, 1986, [retrieved from the CIA Electronic Reading Room, Document Number (FOIA) CIA-RDP90-00998R000100050030-0], 5-6, <https://www.cia.gov/library/readingroom/docs/CIA-RDP90-00998R000100050030-0.pdf>.

³¹ John A. Gentry, “Intelligence Analyst/Manager Relations at the CIA,” *Intelligence and National Security* 10, no. 4 (1995), 210.

³² Charles Levine, “The Federal Government in the Year 2000: Administrative Legacies of the Reagan Years,” *Public Administration Review* 46, no. 3 (May/June 1986), 199-200 and 202.

³³ Paul A. Volcker and the National Commission on the Public Service, *Leadership for America: Rebuilding the Public Service* (Washington, D.C., The Commission, 1989), http://www.washingtonpost.com/wp-srv/opinions/documents/Leadership_for_America_Rebuilding_the_Public_Service.pdf.

five years.³⁴ Further, a major cause asserted of the government's recruiting and retention problems was the "years of campaign 'bureaucrat bashing' by candidates for elective office...[that] eroded the sense of pride that once came with government service. Careers that were once seen as proud and lively are increasingly viewed as modest and dull—even demeaning."³⁵ One of the Commission's top recommendations was for agencies and departments to prioritize manager training because personnel continued to be hired for technical experience and then moved into management with inadequate training to transition into the new role.³⁶ Then, these new poorly-equipped managers exacerbated the other causes that lead to greater attrition.

The federal government failed to implement recommended solutions to reduce attrition rates before the end of the Cold War in 1991 that preceded a further mandated reduction in personnel as part of the "peace dividend." In 1986, a CIA Executive Development Task Force found the same issues that the Volcker Commission published three years later that the Agency was facing a period of higher attrition rates and that a major overhaul in its supervisor training program was needed to develop enough qualified officers to rise to the GS-15 level and senior ranks.³⁷ The task force further discovered that most manager development occurred predominately on-the-job with formal training a "distant second."³⁸ The Agency attempted

³⁴ Ibid., 3-4.

³⁵ Ibid., 12.

³⁶ Ibid., 42-43.

³⁷ Chairman, Executive Development Task Force to Executive Director, "Recommendations for Improved Executive Development," July 21, 1986 [retrieved from the CIA Electronic Reading Room, Document Number (FOIA) CIA-RDP90-00998R000100040004-0], 2-3, <https://www.cia.gov/library/readingroom/docs/CIA-RDP90-00998R000100040004-0.pdf>.

³⁸ Ibid., 4.

several enterprise-wide manager training schemes, but all “failed miserably” because of the different cultures among the operators, analysts, scientists, and support personnel.³⁹ The Volcker Commission’s recommendations also unfortunately failed to take off because of a lack of sustained support and prioritization from the President or Congress, according to two academics at American University.⁴⁰ Though the commission did not achieve its mandate to spur substantial change, it did at least temporarily succeed in changing the nature of the debate in slowing the “gradual erosion of respect for the public service on the part of many politicians and opinion leaders.”⁴¹

Following the collapse of the Soviet Union, Clinton administration-mandated reductions in the federal workforce through attrition coupled with a strengthening economy to continue the trend of increasingly higher numbers of federal employees and CIA analysts departing for the private sector. The unemployment rate during Clinton’s presidency dropped from 7.3 to 3.9 percent, according to the U.S. Bureau of Labor Statistics.⁴² Further, the unemployment rate for those with a Bachelor’s degree or higher decreased from 3.1 to 1.6 percent.⁴³ In 1993, the Clinton administration’s National Performance Review led by Vice President Al Gore recommended a range of reforms that through greater efficiency would result in the elimination of 252,000 federal positions.⁴⁴ Between 1993 and 1998, the non-postal service

³⁹ Ibid.

⁴⁰ Robert E. Cleary and Kimberly Nelson, “The Volcker Commission Fades Away: A Case Study in Non-implementation,” *Policy Studies Review* 12: Autumn/Winter (1993), 66.

⁴¹ Ibid., 58.

⁴² BLS, “Labor Force Statistics from the Current Population Survey,” <https://www.bls.gov/cps/tables.htm>.

⁴³ Ibid., “Table A-4. Employment status of the civilian population 25 years and over by educational attainment: Monthly, Seasonally Adjusted,” <https://fred.stlouisfed.org/release/tables?rid=50&eid=748&od=1993-01-01#>.

⁴⁴ Vice President Al Gore and National Performance Review, *From Red Tape To Results: Creating a Government that Works Better & Costs Less* (Washington, D.C.: U.S. Office of the Vice President, 1993), 14.

portion of the federal workforce decreased by 364,989 positions or 16.9 percent overall.⁴⁵ Of these, GS-10, 11, and 12 positions were reduced 48.9, 11.9, and 11.6 percent respectively, according to the U.S. Office of Personnel Management (OPM),⁴⁶ reducing dramatically the pool from which to develop and promote managers in the 2000s. The DA was not immune to cuts and experienced a 17 percent reduction between 1990 and 1995 and a total reduction of 22 percent by the end of the decade, according to remarks by the Deputy Director for Central Intelligence in 2001.⁴⁷ Despite the greater interest in public service and hiring boom following 9/11, the DA in 2008 totaled fewer analysts than before Clinton era reductions,⁴⁸ while facing a more complex threat as opposed to the sole dominate one of the Cold War.⁴⁹ Furthermore, the DA unlike other parts of the federal government does not rely on contractors to compensate for its reduction in staff employees because in the vast majority of cases only staff employees are trained and permitted to craft and brief its analysis to policymakers.⁵⁰

The DA implemented several solutions to retain its best talent and better develop the personnel who remained to mitigate the effect of mandated downsizing. In the 1990s, the

⁴⁵ Barbara L. Schwemle, "Federal Civilian Employment Reductions," *CRS Report for Congress*, March 2, 1999, 2.

⁴⁶ *Ibid.*, 14.

⁴⁷ John McLaughlin, "Remarks of the Deputy Director of Central Intelligence," addressed to CIA's conference on "CIA's Analysis of the Soviet Union, 1947-1991," Princeton University, March 9-10, 2001, https://www.cia.gov/news-information/speeches-testimony/2001/ddci_speech_03092001.html.

⁴⁸ Leon E. Panetta, "Additional Prehearing Questions for the Senate Select Committee on Intelligence," February 9, 2009, <https://www.intelligence.senate.gov/sites/default/files/hearings/answers.pdf>.

⁴⁹ James R. Clapper, Director of National Intelligence, "Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community for the House Permanent Select Committee on Intelligence," February 10, 2011, <http://intelligence.house.gov/sites/intelligence.house.gov/files/documents/dnisfr021011.pdf>.

⁵⁰ For articles on the U.S. government's expanded use of contractors since the 1990s, please see: Paul C. Light, "The real crisis in government," *The Washington Post*, January 12, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/01/11/AR2010011103255.html>; Louis Peck, "America's \$320 Billion Shadow Government," *The Fiscal Times*, September 28, 2011, <http://www.thefiscaltimes.com/Articles/2011/09/28/Americas-320-Billion-Shadow-Government>; and Jeanne Sahidi, "Cutting Washington could hit mainstreet," *CNN Money*, July 23, 2012, <http://money.cnn.com/2012/07/23/news/economy/federal-spending/index.htm>.

Directorate reemphasized training and developing deeper analytic tradecraft to help analysts at the start of their careers and also to retain outstanding analysts through greater number of opportunities for intellectual enrichment.⁵¹ This focus on tradecraft resulted in the creation of the CIA's Sherman Kent School for Intelligence Analysis and the Career Analyst Program (CAP).⁵² Starting in 2000, every DA analyst enrolled in the multi-month full-time program to learn the history of the Directorate, CIA values, analytic thinking, and delivering effective products in written and oral form.⁵³ In 1986, the Director in testimony to the Senate underscored the problem of typical career trajectories and retaining expertise. He testified that substantive experts felt compelled to enter the management ranks because this was the only path to promotion to GS-15 and beyond. This led to problems for the officer and his subordinates since some of these experts were not capable of leading people.⁵⁴ In 1999, the DA launched the Senior Analytic Service which created a career track for analysts to continue developing expertise and be eligible for promotion to the senior ranks without becoming a manager.⁵⁵

The new century brought in vogue the term "human capital" as a holistic measure of assessing the government's ability to attract and retain talent. In 2001, the now-called U.S. Government Accountability Office (GAO) identified as "high risk" the federal government's strategic human capital management system and claimed that: "It is becoming increasingly clear that today's federal human capital strategies are not appropriately constituted to

⁵¹ CSI, 17.

⁵² Ibid.

⁵³ Stephen Marrin, "CIA's Kent School: Improving Training for New Analysts," *International Journal of Intelligence and Counter Intelligence* 16, no. 4 (2003), 617.

⁵⁴ Casey, 9-11.

⁵⁵ CSI, 17.

adequately meet current and emerging needs of government and its citizens in the most effective, efficient, and economical manner possible.”⁵⁶ The report criticized governmentwide hiring freezes in the 1990s that reduced the “reservoir of future agency leaders and managers” from being hired and retained.⁵⁷ The year prior, GAO published a self-assessment checklist to evaluate the effectiveness of human capital management programs.⁵⁸ Senator George Voinovich’s subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia presented a report to the President on the “Crisis in Human Capital” and provided recommendations on making the federal government an employer of choice and one with flexibility to attract talent as today’s workforce no longer was looking for or expected a thirty-year career at one organization.⁵⁹ In 2008, the Congressionally-chartered Project on National Security Reform found that human capital laws and regulations used by the national security establishment were wholly inadequate in attracting and retaining talent in the 21st century.⁶⁰

Congress in the 2000s failed to pass several benefits that were meant to help the federal government compete against the private sector. The first was to grant eight weeks of pay and benefits for leave taken for the birth or adoption of a child.⁶¹ Since 2007, the Federal Employee

⁵⁶ U.S. General Accounting Office (GAO), “High-Risk Series: An Update,” GAO-01-263, January 2001, 18, <http://www.gao.gov/new.items/d01263.pdf>.

⁵⁷ Ibid., 73.

⁵⁸ Ibid., “Human Capital: A Self-Assessment Checklist for Agency Leaders,” GAO/OCG-00-14G, September 2000, <http://www.gao.gov/special.pubs/cg00014g.pdf>.

⁵⁹ Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia, Senate Committee on Government Affairs, “Report to the President: The Crisis in Human Capital,” 106th Cong., 2nd sess., 2000, 54.

⁶⁰ Project on National Security Reform, *Forging a New Shield* (Arlington, VA: Center for the Study of the Presidency, 2008), 331.

⁶¹ Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, House Committee on Oversight and Government Reform, “Investing in the Future of the Federal Workforce: Paid Parental Leave

Paid Parental Leave Act and similar bills have been introduced in both houses of Congress and not acted upon. In 2010, a group of Washington metropolitan area members of Congress co-sponsored a bill specifically to address the importance of the supervisor in retaining talent and requiring proper training overseen by OPM.⁶² The Federal Supervisor Training Act of 2010 and similar bills were introduced and did not make it out of committee.⁶³

Federal agencies and departments with mixed results increased the use of tools provided by Congress to reverse the flow of personnel departures. The most successful program was the expansion of paying student loan debts in return for signing continuing service agreements and agreeing to stay for three years. The program grew from 16 agencies paying student loans for 690 employees in 2002 to 32 agencies and nearly 10,000 employees in 2015, according to OPM.⁶⁴ The agencies universally lauded the program and said it was essential to their human capital needs.⁶⁵ In 2006, ODNI released the Intelligence Community's five year strategic human capital plan and highlighted its intent to use current statutory authorities to leave the General Schedule (GS) pay system and create a pay-for-performance one to better compete with the private sector.⁶⁶ The pay banding experiment in the Defense Department

Improves Recruitment and Retention," 110th Cong., 2nd sess., Serial No. 110-114 (Washington, D.C.: Government Printing Office, 2008).

⁶² Federal Daily Staff, "Lawmakers push for improved federal supervisor training," *FCW*, June 23, 2010.

⁶³ Federal Supervisor Training Act of 2010, H. Res. 5522, 111th Cong., <https://www.congress.gov/bill/111th-congress/house-bill/5522?q=%7B%22search%22%3A%5B%22Federal+Supervisor+Training+Act+of+2010%22%5D%7D&r=2>.

⁶⁴ OPM, "Federal Student Loan Repayment Program, Calendar Year 2015," October 2006, and "Federal Student Loan Repayment Program, Fiscal Year 2002 Report to Congress," June 2003, <https://www.opm.gov/policy-data-oversight/pay-leave/student-loan-repayment/#url=Repayment-Reports>.

⁶⁵ *Ibid.*, 2015.

⁶⁶ ODNI, "The US Intelligence Community's Five Year Strategic Human Capital Plan," as an Annex to the US National Intelligence Strategy, June 22, 2006, 24.

failed and President Obama repealed its further implementation in 2009.⁶⁷ Soon after repeal, CIA decided not to move forward with its similar pay modernization efforts.⁶⁸

The current state of talent management in the federal government is still a major work in progress. Despite efforts to address the issue over the past thirty years, recent attrition rates continue to rise. Between FY 2005 and 2007, an annual average of 14,973 employees left the federal government; after the recession between FY 2011 and 2016, this average increased to 15,883, according to OPM.⁶⁹ A Partnership for Public Service assessment discovered that those federal employees who completed under ten years of service—the future leaders of agencies—made up the largest number of employees leaving federal government.⁷⁰ The Intelligence Community and other specialized agencies are also not immune to these trends. In 1986, Charles Levine in *Public Administrative Review* assessed that agencies such as CIA and the National Aeronautics and Space Administration (NASA) held monopolies or near monopolies on certain occupations which buffeted them from overall government attrition trends.⁷¹ However, since 2000 the rise of risk and threat intelligence companies who collect intelligence and perform analysis for the private sector and civilian space companies who hire engineers and scientists to build next generation rockets have overturned Levine’s assertion. In 2015, CIA embarked on a major reorganization that included the creation of a Talent Development Center

⁶⁷ Ed O’Keefe, “Defense Authorization Bill Repeals NSPS,” *The Washington Post*, October 7, 2009.

⁶⁸ ODNI, “Intelligence Community Pay Modernization 2010 Mid-Year Report,” June 2010, referenced in: Thomas K. Coghlan, “Intelligence Community (IC) Performance Management: Did the Director of National Intelligence’s (DNI) 2007 IC Policy Directive 651 on Performance Management Achieve Its Policy Objectives,” PhD diss., George Mason University, July 30, 2015.

⁶⁹ OPM, “Separation from Federal Civil Service/Quit (Not Retirements),” <https://www.fedscope.opm.gov/separations.asp>.

⁷⁰ Partnership for Public Service, “Fed Figures 2014: Federal Departures,” 2014, <https://ourpublicservice.org/publications/viewcontentdetails.php?id=352>.

⁷¹ Levine, 202.

of Excellence to improve the entire Agency's recruitment, training, and leadership development.⁷² It is too soon to evaluate the status of these reforms and their effect on retaining expertise within the DA.

Background

The primary stakeholders positioned to influence how and to what extent the Directorate tackles its analytic human capital issue are divided between four entities: Intelligence Community senior leaders, the White House, members of the Senate and House intelligence committees, and an influential, conservative think tank.

Director CIA Pompeo is the first and most important stakeholder to persuade of the relevance of this issue. As Director, he can decide whether the DA should tackle human capital specific to its needs or merge recommendations into a broader Agency-wide program to reduce attrition rates. The Director during the confirmation process wrote that the CIA would be more able to confront unforeseen challenges with additional resources. He further affirmed that the ability to attract, develop, and retain its workforce is one of the Agency's most important missions,⁷³ suggesting that he would be amenable to a request for additional funding to retain analytic talent. He also will be instrumental in requesting funds from the intelligence oversight committees as part of the annual intelligence budget process. The Director is well positioned for this role as he recently served four years as a member of the House Permanent Select Committee on Intelligence (HPSCI). During his tenure in Congress, the Director pursued deficit

⁷² Brennan.

⁷³ Pompeo, "Letter to U.S. Senate Select Committee on Intelligence Senators Ron Wyden and Martine Heinrich," January 3, 2017, <https://www.intelligence.senate.gov/sites/default/files/documents/pre-hearing-b-011217.pdf>.

reduction legislation and sought to reduce the federal workforce. During the 112th Congress, he cosponsored H.R. 657, the Federal Workforce Reduction Act of 2011,⁷⁴ that if enacted would have instituted a hiring freeze for any fiscal year there was a budget deficit and a one-for-two replacement for separated federal employees to reduce the overall workforce. The bill exempted the Defense Department, Department of Homeland Security, and Veterans Administration, suggesting that he would favor a national security exception for CIA.

The Director of National Intelligence (DNI) and Under Secretary of Defense for Intelligence (USD(I)) oversee the Intelligence Community and its budget. The DNI serves as the President's primary intelligence advisor and controls the overall National Intelligence Program budget, which includes CIA funding.⁷⁵ USD(I) is the top Defense Department official for intelligence and controls the Military Intelligence Program budget. This is an important position because special authorities granted to CIA are likely to be requested by USD(I) for partner defense components, such as the National Security Agency or Defense Intelligence Agency. The newly-confirmed DNI former Senator Daniel Coats (R-IN) served two stints in the U.S. Senate with the last few years as a member of the Senate Select Committee on Intelligence (SSCI). From this perch, he is very familiar with the CIA and has been laudatory for Intelligence Community efforts since 9/11 to improve its ability to "'connect the dots' to prevent terrorist attacks."⁷⁶ In 2015 and 2016, Senator Coats delivered a weekly speech on the floor of the Senate titled "Waste of the Week" that highlighted federal government spending that could be

⁷⁴ Federal Workforce Reduction Act of 2011, H. Res. 657, 112th Cong., 1st sess., <https://www.congress.gov/bill/112th-congress/house-bill/657/>.

⁷⁵ ODNI, "ODNI Frequently Asked Questions," <https://www.dni.gov/index.php/about/faq>.

⁷⁶ Dan Coats, "To My Congressional Colleagues: Stop the NSA Grandstanding," *The Wall Street Journal*, June 17, 2013.

reallocated to reduce the deficit and eventually bring down the national debt.⁷⁷ During his last day in the Senate, he delivered his 55th Waste of the Week speech with his highlighted programs totaling \$351 billion of wasted federal money.⁷⁸ President Trump has not nominated someone for the USD(I) position.

The White House relationship with the CIA will rely in part on the access and standing of Director Pompeo with the President as has been customary since the Agency's founding.⁷⁹ The new administration ran on a campaign platform that included decreasing the size of the federal workforce through reducing waste, fraud, and abuse.⁸⁰ Since the election, the relationship between the CIA and its analysis and the President is a work in progress. The White House transition team discarded recent DA analysis noting that it was from the same group that assessed that former Iraqi President Saddam Hussein possessed weapons of mass destruction.⁸¹ On the positive side, in his first official stop after the inauguration, the President

⁷⁷ Sarah Chacko, "A New Fiscal Scold Steps Up In the Senate," *CQ Magazine*, March 16, 2015.

⁷⁸ For a copy of every speech, see: "SenatorCoats," *You Tube*, accessed February 15, 2017, <https://www.youtube.com/user/SenatorCoats/videos>.

⁷⁹ For insight into the role and relationship of Director CIA to the President, please see: CSI, "Our First Line of Defense: Presidential Reflections on US Intelligence," March 19, 2007, <https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/books-and-monographs/our-first-line-of-defense-presidential-reflections-on-us-intelligence>; Robert M. Gates, "The CIA and American Foreign Policy," *Foreign Affairs* 66, no. 2 (Winter, 1987); and Priess.

⁸⁰ Michael D. Shear and Gardiner Harris, "Trump Wants to 'Drain the Swamp, but Change Will Be Complex and Costly,'" *The New York Times*, November 10, 2016, <https://www.nytimes.com/2016/11/11/us/politics/trump-government.html>.

⁸¹ Stephen Collinson and Elise Labott, "Donald Trump takes aim at US intelligence community on Russia," *CNN*, December 11, 2016, <http://www.cnn.com/2016/12/10/politics/donald-trump-response-russian-hacking/index.html>.

visited CIA headquarters, thanked the workforce, and proclaimed his strong feelings for the Agency and the Intelligence Community.⁸²

The SSCI and HPSCI oversight committees typically work in a nonpartisan manner and compose the annual intelligence authorization bill with input from the White House and Intelligence Community. The Senate and House committees both voted unanimously to approve the Intelligence Authorization Act of 2016.⁸³⁸⁴ The current chairpersons and ranking members of these committees are Chairman Senator Richard Burr (R-NC), Vice Chairman Senator Mark Warner (D-VA), Chairman Representative Devin Nunes (R-CA) and Ranking Member Representative Adam Schiff (D-CA).

The conservative think tank Heritage Foundation has emerged as a leading source for policy ideas for the Trump administration, according to CNN and Politico,⁸⁵⁸⁶ highlighting the importance of its assessments on the Intelligence Community and federal budget. In 2016, Heritage published a Backgrounder on improving analysis in the Intelligence Community.⁸⁷ The

⁸² The White House, Office of the Press Secretary, "Remarks by President Trump and Vice President Pence at CIA Headquarters," January 21, 2017, <https://www.whitehouse.gov/the-press-office/2017/01/21/remarks-president-trump-and-vice-president-pence-cia-headquarters>.

⁸³ Richard Burr, U.S. Senator, "Press Release: Senate Intelligence Committee Advances FY2016 Authorization Bill," June 24, 2015, <http://www.burr.senate.gov/press/releases/senate-intelligence-committee-advances-fy2016-authorization-bill?>.

⁸⁴ U.S. House of Representative Permanent Select Committee on Intelligence, "Press Release: House Intelligence Committee Passes Fiscal Year 2016 Intelligence Authorization Bill," June 4, 2016, <http://intelligence.house.gov/news/documentsingle.aspx?DocumentID=446>.

⁸⁵ Tal Kopan, "Meet Donald Trump's think tanks," *CNN*, December 7, 2016, accessed on February 12, 2017, <http://www.cnn.com/2016/12/06/politics/donald-trump-heritage-foundation-transition/index.html>.

⁸⁶ Katie Glueck, "Trump's shadow transition team," *Politico*, November 22, 2016, accessed on February 12, 2017, <http://www.politico.com/story/2016/11/trump-transition-heritage-foundation-231722>.

⁸⁷ Mary Habeck and Charles D. Stimson, "Backgrounder – Reforming Intelligence: A Proposal for Reorganizing the Intelligence Community and Improving Analysis," *The Heritage Foundation*, no. 3129, August 29, 2016, <http://www.heritage.org/defense/report/reforming-intelligence-proposal-reorganizing-the-intelligence-community-and>.

report proposed a strengthened DNI with a greater role for the National Intelligence Officers to manage collection and analysis for their region or function across agencies,⁸⁸ potentially reducing the independence of CIA's analysis. Further, to encourage expertise-building, Heritage proposed that the community increase the hiring of PhD-holders and create a system of faster promotions for those who remain in the same subject area over those who are generalists and move into different substantive accounts.⁸⁹ Heritage also recommended for the new administration to reduce federal employee compensation to better align it with the private sector.⁹⁰⁹¹ Heritage scholars Rachel Greszler and James Sherk assessed that federal employees were paid between 30 and 40 percent *more* than their private sector counterparts and recommended reductions in the GS pay scale, smaller annual pay increases, and phasing out of defined pension plans.⁹² These proposals based on federal employee surveys are likely to lead to greater attrition rates and hamper retention efforts.

Policy Proposal

This policy proposal focuses on the internal factors that lead to greater attrition rates and not the external ones or CIA's recruiting program. It is out of the purview of DA senior leadership to comment on the external factors that affect attrition such as how the White House and Congress use (or not) its analytic products or make changes to federal benefits. Further, the DA

⁸⁸ Ibid., 6.

⁸⁹ Ibid., 8.

⁹⁰ The Heritage Foundation, "Blueprint for a New Administration: Priorities for the President," November 1, 2016, <http://www.heritage.org/conservatism/report/blueprint-new-administration-priorities-the-president>.

⁹¹ Ibid., 65.

⁹² Rachel Greszler and James Sherk, "Backgrounder – Why It Is Time to Reform Compensation for Federal Employees," *The Heritage Foundation*, no. 3139, July 27, 2016, <http://www.heritage.org/jobs-and-labor/report/why-it-time-reform-compensation-federal-employees>.

has yet to have an issue in attracting Americans to apply for employment at CIA. Whether the people applying possess the right mix of skills, education, languages, and experiences that the Directorate needs is beyond the scope of this Memo. This proposal outlines eight options to better train and develop first-line supervisors and provide them the tools to retain talent. The proposal is directed at first-line supervisors because study after study have demonstrated their central role in talent management. In 2009, 51 percent of respondents in a CIA survey said that poor management at the first-line supervisor level was the reason they were leaving or considering leaving the Agency.⁹³ This result worsened four percentage points compared to a CIA survey conducted five years earlier.⁹⁴

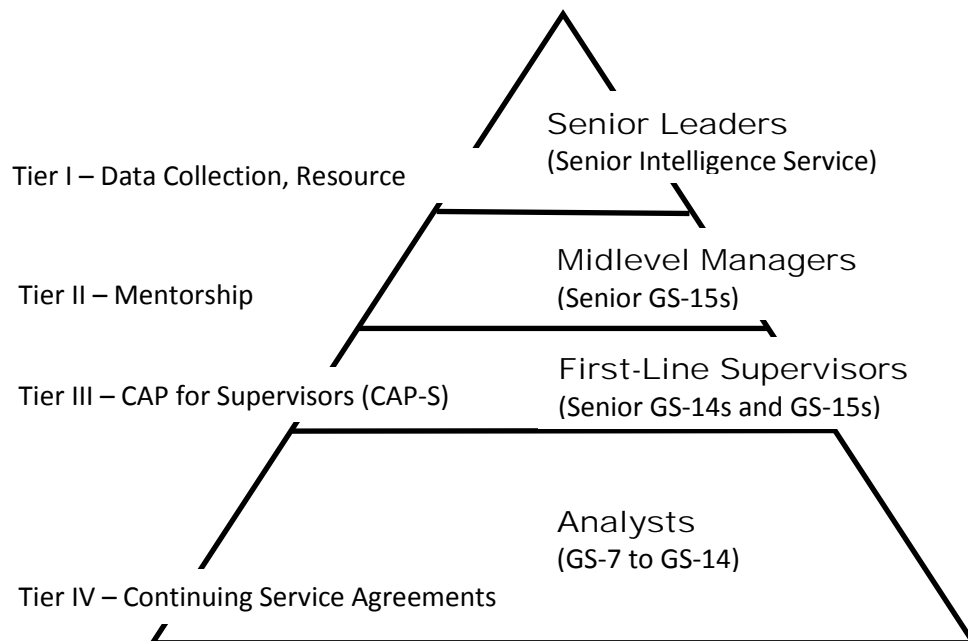
The eight options are split between four tiers of DA officers: Senior Leaders, Midlevel Managers, First-Line Supervisors, and Analysts (see Figure 1). The most important option is No. 6 (see Figure 2 for a brief description of each option), creating a mandatory training program for first-line supervisors, and the other seven options either further develop this cadre of officers, provide them tools to help retain talent, or generate data that can be more effectively measured to gauge progress. The proposal's goals are to observe an overall reduction in the DA's attrition rate and partially mitigate the external challenges that are likely to cause a spike in attrition before 2020. Also, to observe a consistent increase over time in the DA's Supervisory Effectiveness Index scores on the Federal Employee Viewpoint Survey and match and eventually surpass the federal government's gold standard in this category, NASA. Consistent

⁹³ CIA Office of Inspector General, "(U) Factors – Why People Leave the Agency," 49.

⁹⁴ Ibid., "Figure 6. Reasons Why People Leave or Consider Leaving CIA – 2004-2009 Comparison," 17.

increases in these scores will demonstrate that a culture of leadership development and employee engagement is taking hold in the Directorate.

Figure 1: Directorate of Analysis (DA) Policy Roles



Policy Authorization

The CIA, as discussed in the History section, enjoys broad latitude since its founding to ignore, accept, or modify civil service rules and regulations as codified in Title 5 of the U.S. Code.⁹⁵ However, Congress maintains the power of the purse and though the CIA is authorized to approve certain benefits, the Agency must obtain the necessary money, manpower, and other resources as part of annual Intelligence authorization legislation to put these plans into action. Options 2 and 8 are the only ones requiring House and Senate Intelligence Committee

⁹⁵ See Central Intelligence Agency Act of 1949, Public Law 110, 81st Cong., 1st sess. (June 20, 1949).

approval. For No. 2, SSCI and HPSCI would need to authorize GAO to conduct a well-defined, time-limited audit of the DA's human capital management programs. It would be essential for these committees on jurisdictional grounds to agree to allow GAO's auditing experts to assess an intelligence program that is typically outside of their purview, according to a retired senior DA officer.⁹⁶ CIA also would need Congress to appropriate a budget and regulations to implement No. 8 on providing targeted retention bonuses. CIA can decide to release its survey data (No. 3), but fails to do so probably because of counterintelligence concerns. The Agency would need to confer and coordinate with the ODNI before publishing its data so that all seventeen IC agencies have an opportunity to review their own data publishing policies.

⁹⁶ Paul Pillar, interview by author, Phone, February 27, 2016.

Figure 2: Policy Proposal Options

<u>Option</u>	<u>Authorizing Tool</u>	<u>Implementation Mechanism</u>
Tier I – Senior Leaders		
1. Implement OPM’s HRStat	<ul style="list-style-type: none"> Internal CIA decision 	<ul style="list-style-type: none"> Work with OPM to customize HRStat protocols
2. Request GAO audit of DA Talent Management	<ul style="list-style-type: none"> Annual Intelligence Authorization Act 	<ul style="list-style-type: none"> Work with Congressional oversight committees to authorize GAO audit
3. Greater Transparency on Best Places to Work Surveys	<ul style="list-style-type: none"> Internal CIA decision Confer with ODNI 	<ul style="list-style-type: none"> Work with ODNI and OPM to release CIA data
4. Create “High-Potentials” List	<ul style="list-style-type: none"> Internal CIA decision 	<ul style="list-style-type: none"> DA Front Office creates and maintains a list of “high-potentials”
Tier 2 – Midlevel Managers		
5. Expand Mentoring of First-Line Supervisors	<ul style="list-style-type: none"> Internal CIA decision 	<ul style="list-style-type: none"> Assign each first-line supervisor a midlevel manager mentor
Tier 3 – First-Line Supervisors:		
6. Mandatory attendance at Career Analyst Program for Supervisors (CAP-S)	<ul style="list-style-type: none"> Internal CIA decision 	<ul style="list-style-type: none"> Sherman Kent School expands training to include analytic managers
Tier 4 – Analysts		
7. Expand use of continuing service agreements (CSA) for rotations outside the Directorate	<ul style="list-style-type: none"> Internal CIA decision 	<ul style="list-style-type: none"> Analysts must sign CSA for up to three years following rotational assignment
8. Targeted Retention Bonuses	<ul style="list-style-type: none"> Annual Intelligence Authorization Act 	<ul style="list-style-type: none"> Provide bonuses to retain critical expertise and “high-potentials”

Policy Implementation

Half of the options fall on DA Senior Leaders to implement. The first three options seek to improve data collection, create an accurate assessment of where the DA is on talent management, and provide dynamic, measurable information to assess the effectiveness of a new program going forward. These options support the adage that “what can be measured, can be improved.” The first (No. 1) is working internally with CIA’s Talent Center and Directorate of Support to implement OPM’s HRStat protocol. HRStat is a data-driven approach to workforce planning that “identifies key human capital data for collection and analysis to understand trends and actions that can improve agency performance.”⁹⁷ OPM launched a pilot program in fiscal year 2012 to help agencies leverage data to make better decisions.⁹⁸ The second (No. 2) is to work with the Congressional intelligence committees and encourage them to authorize GAO’s experts to audit DA talent management. Since 2001, GAO has found the federal government’s human capital management programs as “high risk.” GAO would be able to provide tailored feedback, data trends, and recommendations annually for a time period of the DA’s choosing. The third (No. 3) is for the Agency to be more transparent in its survey results on the Federal Employee Viewpoint Survey without providing data that releases classified information such as overall workforce numbers or a break down between analysis and operations personnel. Currently, the entire Intelligence Community—all seventeen agencies—provide OPM a sanitized bulk response that is meaningless in helping an organization improve,

⁹⁷ GAO, “Human Capital: Strategic to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources,” GAO-14-168, May 2014, 17, <http://www.gao.gov/products/GAO-14-168>.

⁹⁸ Jason Miller, “Agencies turns to HRStat to make better sense of workforce data,” *Federal News Radio*, February 6, 2013, <http://federalnewsradio.com/federal-drive/2013/02/agencies-turn-to-hrstat-to-make-better-sense-of-workforce-data/>.

according to a Director of the Partnership for Public Service.⁹⁹ The community is ranked number 3 among large Agencies as a best place to work, but this ranking does not account for variations in working at CIA versus State/INR, or Treasury versus NSA. The fourth (No. 4) is the creation of a “high-potentials” list of those promising officers who possess the talent to eventually ascend into the senior executive or senior analytic service ranks. CIA in the 1960s used to keep a “comers” list for the most promising GS-12 to 14 analysts that was consulted upon when discussing rotations, overseas assignments, and full-time academic training so that the future of the Agency was being provided with the training and experiences needed to thrive.¹⁰⁰

The next option (No. 5) assigns a midlevel manager mentor to each first-line supervisor, preferably outside of their Mission Center. This will enable both officers to develop a broad network of managers across mission areas. The DA can direct an affinity group to create a program to match mentor-mentees pairs.

The sixth option (No. 6) is the most important and resource intensive and will require major commitment and support from the DA front office because it will cause a cultural shift akin to the creation of the mandatory Career Analyst Program (CAP) in the late 1990s. The proposed four-week CAP for Supervisors (CAP-S) preferably to occur prior to taking over a team should at minimum cover the change in role from expert analyst to supervisor, leading change, driving an analytic program, dealing with problem employees, and inspiring and developing

⁹⁹ Michelle Amante, interview by author, Washington, D.C., February 27, 2016.

¹⁰⁰ R. J. Smith, 2.

your employees.¹⁰¹ The focus should be tied to the Supervisory Index Scores and other recommendations from OPM and GAO to retain talent. The Sherman Kent School should create a team to develop a course and present their findings to the DA Front Office within 90 days. They should reach out to and learn from manager training programs at General Electric (GE), NASA, the US Army, and the non-profit Partnership for Public Service, who develops leadership programs for government agencies. The start-up travel costs would be approximately \$12,000, based on U.S. General Services Administration per diem costs.¹⁰² A bare bones version of the course using three staffers and meeting in Agency-owned or leased conference rooms would not require additional funds, except for the cost of printing course materials. A course with contractor support—probably two former DA senior leaders—would cost \$400,000 per year and a three-day offsite at Wye River or Airlie costs \$300-400 per night for a total of \$6,000 per course running (10 students, 3 instructors, and 2 guest lecturers).¹⁰³¹⁰⁴

The last two options (Nos. 7 and 8) directly target and affect the analysts. The first is a change in policy on rotations and overseas assignments. The Directorate sends analysts overseas, the White House, the State Department, Military commands, and other IC agencies to broaden their experiences and to bring those experiences back to the DA. Frequently, this

¹⁰¹ Most of this training is provided in other courses. The problem with these classes is that they are only mandatory once an officer wants to be eligible for promotion. Some supervisors wait over 18 months to take the training making mistakes along the way that could have been prevented. Also, taking training once you are in the supervisor position is more difficult to detach from the day-to-day inbox and engage in the lessons.

¹⁰² A three-person team traveling to Crotonville, NY (GE), Ft. Leavenworth, KS (U.S. Army), and Houston, TX (NASA) for four days will cost \$11,592, based on U.S. General Services Administration (GSA) and \$500 for roundtrip airfare to each location. See rates: GSA, “Per Diem Rates,” <https://www.gsa.gov/portal/content/104877>.

¹⁰³ Windham Hotels, “Wye River, A Dolce Conference Center – Meeting Packages,” accessed on March 7, 2017, <https://www.wyndhamhotels.com/dolce/queenstown-maryland/wye-river-a%20dolce-conference-center/meetings-events/meeting-packages>.

¹⁰⁴ Airlie, accessed on March 7, 2017, <https://www.airlie.com/meetings/packages>.

expertise is not returned to the Directorate. A simple policy change requiring analysts to sign a continuing service agreement before departure would ensure that the DA receives an immediate return on its investment and deters those who know they are leaving in a couple years from taking a developmental opportunity from analysts who intend to stay. The last option is providing targeted retention bonuses to the high-profile list from option No. 4 and others who the DA wants to retain. For this to work, the data collected through HRStat and GAO's audit must be able to tell us when analysts are most likely to leave the DA and also the year in service after which they are most likely to stay. We already provide student loan repayment for the first six years of an analyst's career requiring continuing service agreements of one year that begins following the last loan payment. If the data shows analysts depart between years 8 and 10, and if they stay past year 12 then they will serve for another decade, then the DA should flood this cohort with opportunities to entice them to remain. In 2004, Congress enacted the NASA Flexibility Act of 2004¹⁰⁵ to aid that agency's ability to attract and retain the best talent. NASA was authorized to provide retention bonuses up to 50 percent of basic pay to address critical needs and up to 25 percent of basic pay for non-critical ones. Also, the personnel receiving bonuses were required to sign continuing service agreements between a length of six months and four years.¹⁰⁶ The cost to retain 100 GS-13, Step 5 analysts would be \$3.2 million per year averaging out to a 30 percent bonus.

¹⁰⁵ NASA Flexibility Act of 2004, S. 610, 108th Cong., <https://www.govtrack.us/congress/bills/108/s610>.

¹⁰⁶ Ibid., § 9805. Retention bonuses.

Policy Analysis

The proposal seeks to reduce the DA's attrition rate and steadily increase employee engagement scores, which are a valuable signpost to foreshadow retention problems. Though the policy goals are laudable and necessary to maintain a world-class analytic cadre, the eight options presented possess benefits and limitations to their adoption and capacity to affect real and lasting change. This section will focus most of its analysis on Option 6 in creating a mandatory first-line supervisor course because of its central role in the overall proposal.

Policy Benefits

Leadership training for first-line supervisors is an effective way to retain top employees and increase employee engagement, according to academic and survey research. In 2011, two academics from American University and one from Indiana University studied employee turnover in the federal government and found that supervisors are vital to retaining top talent.¹⁰⁷ Their research revealed that academic studies consistently concluded that an "employee's satisfaction with other employees and supervisor is negatively associated with turnover...and that communications with supervisors and employees alleviated intent to leave."¹⁰⁸ They further assessed that supervisors should seek to develop relationships with each

¹⁰⁷ David Putts, John Marvel, and Sergio Fernandez, "So Hard to Say Goodbye? Turnover Intention among U.S. Federal Employees," *Public Administration Review* 71, no. 5 (September/October 2011).

¹⁰⁸ *Ibid.*, 753.

subordinate and understand their motivations in order to inspire and engage them in the unit's mission.¹⁰⁹ This skill does not come naturally to most first-time managers as they are typically selected based on their individual expertise and performance and not as much on an aptitude for leadership. Linda Hill in *Harvard Business Review* noted that businesses suffer when organizations fail to adequately prepare substantive experts for the transition to management.¹¹⁰ The performance-management consulting company Gallup in 2015 completed its latest survey of the American manager. Its review of four decades of research into 2.5 million manager-led teams concurred with academic research on the significance of managers to employee engagement. Gallup found that managers account for 70 percent of the variance in employee engagement scores and that half of all employees had left their jobs because of a poor manager.¹¹¹

Federal leadership training also has been shown to be effective in quickly improving employee engagement. The Department of Labor (DOL) since the first Best Places to Work in the Federal Government rankings were released in 2003 scored among the lowest in the survey.¹¹² In 2012, the DOL's then-Assistant Secretary for Administration and Management T. Michael Kerr worked with the Partnership for Public Service to create a customized mandatory leadership training course for its managers and supervisors.¹¹³ The training started with senior executives and worked down to eventually incorporate managers at every level. The

¹⁰⁹ Ibid., 758.

¹¹⁰ Linda A. Hill, "Becoming the Boss," *Harvard Business Review*, 85, no. 1 (January 2007): 49 and 56.

¹¹¹ Gallup, "State of the American Manager: Analytics and Advice for Leaders," 2015, 8, <http://www.gallup.com/services/182138/state-american-manager.aspx>.

¹¹² Partnership for Public Service, "Building Leadership at Labor," 2015.

¹¹³ T. Michael Kerr, interview by author, Washington, D.C., March 10, 2017.

Partnership worked with over 2,000 DOL leaders with 96 percent of first-line supervisors recommending the training.¹¹⁴ Within three years, DOL rose its scores from one of the worst federal agencies to number 6 with individual scores increasing across the board on effective leadership, empowerment, and fairness.¹¹⁵ NASA also has leveraged the Best Places survey to gauge the effectiveness of its leadership programs. The agency increased its scores since 2003 moving into the top 5 in the large agency category between 2007 and 2011 and being number 1 since 2012, according to the Partnership for Public Service.¹¹⁶ NASA focuses intently on leadership development and has created courses for its first-time supervisors to transform them from “someone who manages others’ work to someone who engages employees and makes them feel excited to come to work.”¹¹⁷ In 2015, the agency released its human capital plan with “Building Model Supervisors and Leaders” as a critical component.¹¹⁸ Each NASA center is developing an 80 hour training course for new team leads and those interested in management to teach them self-awareness, organizational culture, and other modules to prepare them for their new roles.¹¹⁹ The plan also includes a claimed “non-comprehensive inventory” of 51 tools and strategies to help supervisors increase performance, ranging from

¹¹⁴ Partnership for Public Service.

¹¹⁵ Ibid., and Amante.

¹¹⁶ Partnership for Public Service, “Ten Years of the Best Places to Work in the Federal Government Rankings,” December 2013, 7, <https://ourpublicservice.org/publications/download.php?id=23>, and “Best Places to Work Agency Rankings,” 2016, <http://bestplacetowork.org/BPTW/rankings/overall/large>.

¹¹⁷ Ibid., 9.

¹¹⁸ NASA, “NASA Human Capital 2015: A Guide to Building a Highly Engaged Workforce,” 2015, https://searchpub.nssc.nasa.gov/servlet/sm.web.Fetch/NASA_Human_Capital_2015_Final.pdf?rhid=1000&did=2050724&type=released.

¹¹⁹ Ibid., 35.

self-assessments, leadership courses for each grade level, specific skill building, human resource familiarity, and networking opportunities.¹²⁰

Beyond leadership training's effectiveness, the DA creating this leadership course would align it with organizations that are known for their leadership development, namely General Electric (GE) and the U.S. Army. GE is known for its commitment to leadership since it started leadership training courses in the 1950s and is consistently ranked as the best company to develop leaders.¹²¹ GE employees within six months of becoming a first-time supervisor must take the New Management Development Course at GE's 59-acre campus in Crotonville, New York.¹²² GE teaches 16 levels of courses with most in-residence ones lasting between three and four weeks.¹²³ GE's senior leadership commitment to the importance of its training program is demonstrated by their involvement. For 25 years, CEO Jack Welch and his successor Jeffrey Immelt attended 329 of 330 executive-level courses with Welch missing the one because of heart bypass surgery.¹²⁴ In 2005, the WMD Commission recommended that the Intelligence Community create training programs for new managers and noted specifically how "CIA managers receive a small portion of the training provided to their military counterparts."¹²⁵ DA leadership training pales in comparison to U.S. Army officers who attend weeks of training in

¹²⁰ Ibid., 37-40.

¹²¹ Dan Weinfurter and J.P. Donlon, "The 2016 Best Companies for Leaders," *Chief Executive Magazine*, December 29, 2015, <http://chiefexecutive.net/2016-best-companies-for-leaders/>.

¹²² Deborah A. Keller and John F. Campbell, "Building Human Resource Capability," *Human Resource Management* 31, no. 1-2 (Spring 1992): 110.

¹²³ Jacqueline Durett, "GE hones it leaders at Crotonville," *Training* 43, 5 (May 2006): 26.

¹²⁴ Ibid.

¹²⁵ The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, "Report to the President of the United States," (Government Publishing Office: Washington, D.C., March 31, 2005), 410-411.

two phases of the Basic Officers Leadership Course.¹²⁶ The Captains Career Course for newly minted O-3 officers is job-specialty specific (such as Infantry, Armor, Intelligence, etc.) and lasts for 20-21 weeks. A typical Captain will attend the course between 4 and 7 years of beginning his or her career in the military.¹²⁷ It is important to highlight that a military O-3 is equivalent rank to a GS-11/12 federal employee. Also, DA officers only are eligible to become team chiefs at GS-14 and typically possess over seven years of experience. Further, Army civilians by the time they have reached GS-15 have taken 9 weeks of leadership training at Ft. Leavenworth, Kansas, focused on managing projects, directing resources, leading change, and inspiring a vision.¹²⁸

A successful leadership course that meets attrition reduction targets would save the DA money over time. A background check for a security clearance costs between \$3,000 and \$15,000, according to OPM's National Background Investigations Bureau and a financial commentary website.¹²⁹¹³⁰ CIA conducts its own background investigations, according to the ODNI, so conservatively estimating a more in-depth review would cost at least \$20,000.¹³¹ Per the calculations in the previous section, six iterations of the course would train 60 managers annually and cost rounding up \$500,000 per year. Continuing the calculation, each newly-minted team chief would be responsible for at least 8 analysts on his or her team for a total of

¹²⁶ Headquarters, Department of the Army, "Army Regulation 350-1: Army Training and Leader Development," 66-68, http://www.apd.army.mil/pdffiles/r350_1.pdf.

¹²⁷ Troy Messer, "Captains Career Course: Leveraging Talented Officers Towards the Army Profession," (Masters Strategy Research Project, U.S. Army War College, 2011), 2.

¹²⁸ Headquarters, Department of the Army, 88-96.

¹²⁹ U.S. OPM National Background Investigations Bureau, "Notice No. 17-02: FY 2019 Initial Estimated Pricing," February 10, 2017, <https://nbib.opm.gov/hr-security-personnel/federal-investigations-notices/2017/fin-17-02.pdf>.

¹³⁰ Rod Powers, "Security Clearance Military Secrets: The Basics of Getting a Security Clearance in the Military," *The Balance*, October 16, 2016, <https://www.thebalance.com/security-clearance-secrets-3331997>.

¹³¹ ODNI National Counterintelligence and Security Center, "2015 Annual Report on Security Clearance Determinations," 2015, <https://www.odni.gov/files/documents/Newsroom/Reports%20and%20Pubs/2015-Annual-Report-on-Security-Clearance-Determinations.pdf>.

480 analysts. If the training can keep attrition to 5 percent from its potential surge to 10 percent as the DA experienced in 1984, then in the first year the program breaks even and will be more cost effective in future years.¹³² (Retaining those 5 percent of 480 analysts equals 24 analysts. Multiply this lost talent by \$20,000 for a clearance and it equals \$480,000.)

The DA's Sherman Kent School is technically and administratively able to develop and teach the course. Since 2000, the Kent School has trained every analyst who has joined the Agency and was able to ramp up classes following the rapid increase in hiring post-9/11. The instructors could include in the four-week course modules on unconscious bias and other training to ensure that the Directorate is an equitable and fair place to grow in your career. ODNI has released best practices from throughout the IC on how best to hire and retain minorities, women, and persons with disabilities.¹³³

Options 1, 2, and 3 are straight forward data collection opportunities. If there are better and more efficient ways to collect dynamic, work force data that can be drilled down to the unit level to spot inefficiencies and head off problems early, then that avenue should be pursued. Also, publicizing disaggregated Best Places scores would force the DA and Agency to improve and not hide its problems behind security practices. As scores improve, this could be a recruiting benefit to replace the fading attraction of working for CIA following 9/11 and supporting the executive branch of the first African-American President.

¹³² Richard J. Kerr.

¹³³ ODNI, "Annual Demographic Report: Hiring and Retention of Minorities, Women, and Persons with Disabilities in the United States Intelligence Community, Fiscal Year 2015," June 10, 2016, <https://www.dni.gov/files/documents/FY%202015%20Annual%20Report.pdf>.

Options 4, 7, and 8 focus on identifying the DA's high performers, developing them, and making sure that they know they are wanted and appreciated. Jack Welch when he was CEO of GE probed his senior managers with question after question so that they would learn the true talent of their people and not repeat pro forma job descriptions or other non-specifics during talent review sessions.¹³⁴ This taught his leadership team to create a high-potentials list—like the DA used to compile in the 1960s—to ensure that the right developmental or stretch assignments were given to those who had the most potential to thrive at GE.¹³⁵ The Army has successfully used continuing service agreements and retention bonuses to keep its most-talented cadre of Captains from resigning their commissions. In 2007 and 2008, the Army awarded retention bonuses as part of its Critical Skills Retention Bonus program in amounts between \$25,000 and \$35,000 in exchange for three additional years of service. In these two years, the Army distributed \$500 million in bonuses to over 10,000 officers in the 3 to 8 year mark in their careers because it assesses that a vast majority of those officers who stay in the Army beyond the ten-year mark would remain until retirement.¹³⁶

Policy Limitations

Leadership training will be effective if run well and not seen as a check-the-box exercise. Anything less than total and visible DA front office support will doom the course, according to former DA chief Fran Moore.¹³⁷ In 2000, the DA front office committed to the new analyst basic

¹³⁴ Bill Conaty and Ram Charan, *The Talent Masters: Why Smart Leaders Put People Before Numbers* (New York, NY: Crown Business, 2010), 48-49.

¹³⁵ R. J. Smith, 2.

¹³⁶ Casey Wardynski, David S. Lyle, and Michael J. Colarusso, "Towards a U.S. Army Officer Corps Strategy for Success: Retaining Talent," Strategic Studies Institute, U.S. Army War College, January 2010, 25-26, <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=965>.

¹³⁷ Fran Moore, interview by author, Reston, VA, March 17, 2017.

course (CAP) and made attendance mandatory for new analysts with very stringent waiver requirements.¹³⁸ However, even with this support, anecdotally CAP's reputation five to seven years into the experiment was poor, according to academic Joshua Rovner and recollections of author.¹³⁹¹⁴⁰ Former DA chief John Gannon said that the quality of the instructors will make or break leadership training for supervisors.¹⁴¹ If the commitment is lacking, then the Directorate will fail to demonstrate the value of teaching the course as a career-enhancing assignment to attract the best managers to teach the next generation. In the Army, some of the absolute best officers are assigned to teach at West Point including former CIA Director General David Petraeus and current National Security Advisor Lieutenant General H.R. McMaster. Lastly, the four-week course length may have unknown adverse effects on attrition and the quality of the DA's written product because of the influx of acting supervisors.¹⁴² In a full running of 60 new supervisors per year for one month, then a cumulative five years of acting supervisors will be thrust upon the Directorate every year.

In this politically-charged environment, publicizing the DA's problems per option 3 is likely to lead to a reduction in resources, access to senior policymakers, and analytic credibility. Also, options 1 and 2 call for opening the DA's processes to parts of the government that are not used to working in the unique environment of the intelligence world. Again, their audits of the DA may lack sophistication because of the lack of intelligence experience. Former DOL

¹³⁸ Ibid.

¹³⁹ Joshua Rovner, interview by author, Washington, D.C., February 26, 2017.

¹⁴⁰ In 2007, author does not recall anyone telling him that he would learn anything in CAP. He was directed to not get in trouble and hurry back to the line. Full disclosure, the author enjoyed CAP and thought it was a valuable experience.

¹⁴¹ John Gannon, interview by author, Arlington, VA, March 14, 2017.

¹⁴² Pillar.

senior officer Kerr thought it prudent not to invite in OPM or GAO because of the lack of CIA familiarity and instead recommended an audit from outside the executive branch, such as from the Partnership for Public Service or a group of cleared fellows from the Congressionally-chartered, independent, nonpartisan, and nonprofit National Academy of Public Administration.¹⁴³

The counterintelligence concerns surrounding greater transparency in survey results (Option 3) are real as evidenced by the Senate Intelligence committee inquiry into Russian intelligence activities in the United States.¹⁴⁴ A disaggregated survey could give adversaries a playbook on what elicitation techniques to use if the survey results show that there are issues with management, pay, work-life balance, or diversity and inclusion. Further, much like a GAO or OPM audit, negative results could cause a reduction in support from the White House and Congress.

Options 7 and 8 on expanding the use of continuing service agreements and instituting retention bonuses have not been proven to work and could actually increase attrition. Analysts might feel slighted if forced to sign a contract for every developmental opportunity they receive. The perception then could spread that managers do not trust analysts to offer them opportunities without a formal agreement. On the retention side, it is very difficult to accurately target bonuses to the officers who were not already planning to stay. The Army's bonus program probably failed because 77 percent of the Captains offered the money had

¹⁴³ T. Michael Kerr.

¹⁴⁴ Senators Richard Burr (R-NC) and Mark Warner (D-VA), "Joint Statement on Committee Inquiry into Russian Intelligence Activities," January 13, 2017, <https://www.intelligence.senate.gov/press/joint-statement-committee-inquiry-russian-intelligence-activities>.

already indicated that they would stay.¹⁴⁵ Further, the Army found that bonuses to the officer pool did not amount to enough to change someone's mind about staying in the service and that non-monetary opportunities such as choice to attend graduate school or place of assignment had significantly more impact.¹⁴⁶ Likewise, in the CIA IG report in 2009, pay and bonuses did not crack the top 10 for reasons why people left the Agency.¹⁴⁷

Political Analysis

The primary option presented on creating a mandatory training program for first-time supervisors and the majority of the remaining seven options can be implemented without resources, endorsement, or approval from outside the Agency. Therefore, this section will focus on the political ramifications mostly of options 2, 3, and 8 because they require approval and appropriations from the DNI, White House, and Congress.

The American public continues to view the CIA more favorably than negatively and almost certainly will not react or notice if the Directorate implemented any of the eight options in this memo. CIA's ratings are down from 2011 when 88 percent of Americans gave the Agency "moderate or a great amount" of credit for finding and killing Usama bin Ladin, according to a Gallup survey.¹⁴⁸ In late 2015, CIA owned a 57 percent approval rating, according to the Pew Research Center, and by early 2017, a plurality of Americans (who affiliate with one of the two main political parties) viewed the CIA positively, according to a NBC News/Wall Street Journal

¹⁴⁵ Wardynski et al., 26.

¹⁴⁶ Ibid., 26-27.

¹⁴⁷ CIA Office of Inspector General, 13.

¹⁴⁸ Gallup, "Americans Back Bin Laden Mission; Credit Military, CIA Most," May 3, 2011, http://www.gallup.com/poll/147395/Americans-Back-Bin-Laden-Mission-Credit-Military-CIA.aspx?g_source=CIA&g_medium=search&g_campaign=tiles.

poll.¹⁴⁹¹⁵⁰ In 2015, then-Director Brennan announced that the CIA would embark on a modernization program that would be the most significant and widespread restructuring of internal resources and mission focus since the Agency's founding.¹⁵¹ Responses to CIA's announcement of this decision on its Twitter feed that boasts nearly 2 million followers caused less than 100 people to retweet or reply to the message.¹⁵² In comparison, nearly 2,000 people retweeted and replied to CIA's announcement to creating a publicly-accessible database of declassified information.¹⁵³ The American public is highly unlikely to notice reforms within the DA.

DCIA Pompeo and DNI Coats are likely to support the options, especially when presented as cost saving measures because the Directorate will spend less money and have a more-expert workforce if attrition stays low. Both former legislators are deficit hawks and supported reducing fraud, waste, and abuse within the federal budget to wipe out the deficit and eventually the national debt. DNI Coats will likely defer to the CIA on pursuing these options, including requesting resources to provide bonuses to those with critical skills. During his confirmation hearings and in prehearing materials, DNI Coats characterized himself as a head football coach who would make sure that all the pieces of the Intelligence Community are

¹⁴⁹ Pew Research Center, "4. Ratings of federal agencies, Congress and the Supreme Court," November 23, 2015, <http://www.people-press.org/2015/11/23/4-ratings-of-federal-agencies-congress-and-the-supreme-court/>.

¹⁵⁰ Carrie Dann, "Democrats Now Give the CIA Higher Marks than Republicans Do. That's a Really Big Shift," NBC News, January 4, 2017, <http://www.nbcnews.com/politics/first-read/democrats-now-give-cia-higher-marks-republicans-do-s-really-n703206>.

¹⁵¹ CBS News, "CIA director announces major reorganization of spy agency," March 7, 2015, <http://www.cbsnews.com/news/cia-director-announces-major-reorganization-of-spy-agency/>.

¹⁵² Twitter handle @CIA, "Our modernization program will make us a stronger organization while positioning us to confront the challenges of the future. #CIAForum," April 7, 2015, <https://twitter.com/CIA/status/585574643630739456>.

¹⁵³ Twitter handle @CIA, "Approx. 930,000 documents, totaling more than 12 million pages, now available on CIA.gov! bit.ly/2jH2Hpc," January 17, 2017, <https://twitter.com/CIA/status/821486113038733313>.

working together towards the same goals, but that he would not micromanage individual agency's operations.¹⁵⁴ He further wrote that "the Intelligence Community must have the capability to project current and future mission-critical skill requirements and develop effective plans to close critical skill gaps...and must be innovative in its approach to attract future talent..." indicating his probable support if the DA assessed these options were its best avenues to retain talent.¹⁵⁵

The White House is philosophically opposed to programs that would increase the retention of federal employees based on its budget blueprint for 2018. The blueprint pays for an increase in Defense spending of \$54 billion and to start construction of a border wall for \$2.6 billion in reductions throughout the rest of the federal government.¹⁵⁶ The White House in March 2017 publicized a copy of a *Washington Post* article that noted that the administration's budget would "shake the federal government to its core" and seek a "historic contraction of the federal workforce."¹⁵⁷ The manpower and budget of the DA is classified and it is publicly unknown how the administration's budget blueprint will affect the CIA. However, to convince the administration that the Directorate needs additional resources and billets to retain an

¹⁵⁴ Daniel R. Coats, "The Honorable Daniel R. Coats, Nominee for the Position of Director of National Intelligence, Statement for the Record," February 28, 2017, <https://www.intelligence.senate.gov/sites/default/files/documents/os-coats-022817.pdf>.

¹⁵⁵ Coats, "SSCI Additional Prehearing Questions for Daniel Coats Upon his nomination to be Director of National Intelligence," <https://www.intelligence.senate.gov/sites/default/files/documents/aphq-coats-022817.pdf>.

¹⁵⁶ U.S. Office of Management and Budget, "America First: A Budget Blueprint to Make America Great Again," March 16, 2017, https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf.

¹⁵⁷ The White House, Office of the Press Secretary, "For Immediate Release: 'Damian Paletta, "Trump budget expected to seek historic contraction of federal workforce," *The Washington Post*, March 12, 2017," March 14, 2017, <https://www.whitehouse.gov/the-press-office/2017/03/14/icymi-trump-budget-expected-seek-historic-contraction-federal-workforce>.

expert workforce should construct the argument around its support to the military and current terrorism operations around the world.

The Senate and House intelligence committee members largely are the most supportive members of Congress to the CIA and are likely to be in favor of options that seek to retain talent. However, it will be a difficult sell to convince the committees to allow GAO to audit the Agency because the request could be seen as an affront to their unique role and sole oversight responsibility.¹⁵⁸ To proceed with this bureaucratically perilous option, the DA with the DCIA and DNI's approval should first discuss it as an outside-the-box option with the Senate committee. Both committees typically work in a bipartisan manner, but the different and distinctive ways each committee is carrying out its investigations into Russian interference of the U.S. presidential election suggest that going to the Senate first is less likely to cause a stir or backlash for the Agency.¹⁵⁹

Heritage Foundation's probable opposition to the options is irrelevant because since the discussions will be taking place in a classified realm, it will not be able to affect the outcome. The think tank is a key actor because of its published analyses that are read and incorporated into the administration's agenda. The argument for the White House that retaining the best employees is cost effective in the long run and maintains our analytic expertise to support the

¹⁵⁸ Pillar.

¹⁵⁹ Matt Flegenheimer and Emmarie Huetteman, "Senate Intelligence Committee Leaders Vow Thorough Russian Investigation," *The New York Times*, March 29, 2017, <https://www.nytimes.com/2017/03/29/us/politics/senate-intelligence-committee-burr-warner-russia-investigation.html>; Huetteman, "G.O.P. Panel Chairman Apologizes for Withholding Trump Data from Democrats," *The New York Times*, March 23, 2017, <https://www.nytimes.com/2017/03/23/us/politics/gop-devin-nunes-trump-data.html>; and Matthew Rosenberg, Maggie Haberman, and Adam Goldman, "2 White House Officials Helped Give Nunes Intelligence Reports," *The New York Times*, March 30, 2017, https://www.nytimes.com/2017/03/30/us/politics/devin-nunes-intelligence-reports.html?_r=0.

Defense department and active military operations will overcome Heritage's arguments to radically alter the IC and reduce the independence of CIA's analysis.¹⁶⁰

Recommendation

I recommend that the Directorate partially accepts the options presented in this memorandum. Specifically, the DA should pursue Options 4, 5, and 6 on creating a "high-potentials" list, expanding volunteer resources for first-time supervisors, and establishing a mandatory Career Analyst Program for Supervisors (CAP-S) to retain our expert workforce. I recommend rejecting Options 1, 2, 3, 7, and 8 on welcoming OPM and GAO oversight, requesting additional resources from the White House and the Congress, and expanding use of continuing service agreements because the political downsides and other limitations outweigh the benefits.

We are entering a period that looks very similar to one we faced in the 1980s that preceded a spike in attrition rates. I do not know what if any effect the loss of talent in the 1980s and further manpower cuts in the 1990s had on perceived analytic intelligence failures, such as not foreseeing the collapse of the Soviet Union in 1991, the Indian nuclear test in 1998, and the attacks on 9/11.¹⁶¹ However, I would like the Directorate to retain the very best officers to confront tomorrow's challenges and prevent (or at the very least reduce) strategic surprise. Doing nothing to try to avert this crisis, we risk turning into a hollow organization that is unable to compete with outside expertise and our policymakers will look to others to provide analysis

¹⁶⁰ Mary Habeck and Charles D. Stimson.

¹⁶¹ Uri Friedman, "The Ten Biggest American Intelligence Failures," *Foreign Policy*, January 3, 2012, <http://foreignpolicy.com/2012/01/03/the-ten-biggest-american-intelligence-failures/>.

that probably will be less timely, less objective, and less accurate compared to the high standards set by our organization.

The Directorate first realizing that we have a problem and then implementing the recommended options seems bold for our conservative organization. However, as demonstrated by fellow federal agencies the Department of Labor and NASA, the U.S. Army, and Fortune 500 company GE, mandatory training for first-line supervisors is not bold, but necessary to being a successful enterprise. Further, academics, survey companies, Congressionally-mandated commissions, trade associations, think tanks, and internal CIA reports all recommend focusing on supervisor training as a necessary step in retaining top talent. The bold thing to do in the face of this evidence is to continue pursuing the same solutions to the problem.

The rejected options should be explored more in-depth when the political environment is more conducive for change. The political pitfalls of requesting additional resources or authorities has the potential to bring unwelcome attention and scrutiny that might lead to a reduction in core resources or mission of the Directorate. The risk of these options outweighs the potential benefits. Therefore, the Directorate should seek to improve within the confines of the authorities and budget that we currently are afforded.

Curriculum Vitae

Donald K. Gordon, Jr. is a native of the San Francisco Bay Area and currently lives in northern Virginia with his wife and two children. He holds a Bachelor of Science degree in political science from the Massachusetts Institute of Technology and a Master of Arts degree in security studies from Georgetown University. Donald for seventeen years has enjoyed his career as an analyst and manager in the Intelligence Community. He deployed to Bosnia and Iraq with his U.S. Army Reserve unit, worked a few years as a contractor in the Defense Department, and served for the past decade as a federal employee.